⧉ Pitney Bowes

Memorandum

To:	Examiner Steven R. Wasylchak
	Group Art Unit: 3624
Fax No.:	1-703-872-9306
From:	Steven J. Shapiro
cc:	C. Frederickson
Date:	November 5, 2004
Subject:	**Serial No.: 09/474,492**
Pages:	<u>15</u> (including this cover)

Re: U.S. Patent Application Serial No.: 09/474,492
Our Docket #E-974

Enclosed please find a Brief on Appeal from the Primary Examiner in connection with the May 5, 2004, Final Office Action in the above referenced application.

<u>*CERTIFICATE OF FACSIMILE TRANSMISSION*</u>

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Patent and Trademark Office
Attention: Examiner Steven R. Wasylchak, Group Art Unit: 3624
Facsimile No. (703) 872-9306

1.   Brief on Appeal (14 Pages).

<u>On November 5, 2004</u>
Date of Transmission

<u>Steven J. Shapiro</u>
Name of Registered Rep.
Reg. No.: 35,677

<u>/Signature</u>

<u>November 5, 2004</u>
Date

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PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE BOARD OF APPEALS AND PATENT INTERFERENCES

In re patent application of:	) Date: November 05, 2004
Thomas J. Foth et al.	) Attorney Docket No.: E-974
Serial No.: 09/474,492	) Customer No.: 00919
Filed: December 29, 1999	) Group Art Unit: 3624
Confirmation No.: 2311	) Examiner: Steven Wasylchakl

Title: METHOD AND APPARATUS FOR PROVIDING ELECTRONIC REFUNDS IN AN ONLINE PAYMENT SYSTEM

BRIEF ON APPEAL

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

   This Appeal Brief is being filed together with a Petition for a One-Month Extension of Time. The Appeal Fee in the amount of $340.00 and the One-Month Extension of Time Fee in the amount of $110.00 should be charged to deposit account number 16-1885. If the fees for this appeal or extension of time are deemed to be insufficient, authorization is hereby given to charge any deficiency (or credit any balance) to deposit account number 16-1885.

REAL PARTY IN INTEREST

   The real party in interest is Pitney Bowes Inc. which acquired all rights to the above-identified application by way of an assignment which was recorded in the Assignment Branch of the United States Patent and Trademark Office on December 29, 1999 at Reel 010484 and Frame 0544.

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RELATED APPEALS AND INTERFERENCES

There are no related Appeals or Interferences which will directly affect or be directly affected by or have a bearing on the Board's decision in the instant appeal.

STATUS OF CLAIMS

This Application is on Appeal, pursuant to 35 U.S.C. Section 134, from the Final rejection of claims 1-24 dated May 05, 2004. The instant application was originally filed with claims 1-12. In the Amendment filed on July 11, 2002 claims 1, 5-7, and 10-12 were amended and claims 13-24 were added. In an amendment filed on April 30, 2003 claims 14-24 were amended and in an amendment filed on November 03, 2003 claims 1 and 13 were amended. Accordingly, claims 1-24 are currently pending and are being appealed. Appendix A sets forth claims 1-24.

STATUS OF AMENDMENTS

There are no outstanding amendments to the claims.

SUMMARY OF CLAIMED SUBJECT MATTER

Page 14, line 1, to page 15, line 26, together with Figures 1, 2, and 8 provide a detailed description of an embodiment of the inventive refund method and structure as set forth in independent claims 1, 12, 13, and 24. Specifically, each buyer 102 has a vault 170 and an associated dispute account (no numeral) established at a payment computer 132. Computer 132 communicates with buyer computer 122 to complete an electronic purchase of a product by the buyer 102. However, once the sale is completed, the buyer 102 is given the opportunity to request a refund if they are not satisfied with the product (Figure 8, step 800). If the buyer 102 requests a refund, the payment computer 132 may perform various checks at step 824 to determine if a refund is permissible. Assuming the checks at step 824 are satisfactory, a refund is given to the buyer by crediting the buyer account 170 by the refund amount (step 830). Further, the refund amount is also accounted for in the separate refund (dispute) account (step 820). By tracking an individual buyer's refund activity in their dispute account, a threshold

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value can be set which, when exceeded, would cause the buyer's vault 170 to become inactive as set forth, for example, in claim 2.

In other words, if a buyer exceeds their pre-allocated unchallenged refund request threshold no further refund requests will be automatically honored. This inventive method permits refunds to be freely and automatically given while at the same time providing a mechanism for detecting refund abusers and ensuring that continued abuse will not occur.

GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

At issue in this Appeal is the propriety of the following rejections:

1.   Claims 1, 3-6, 9-13, 15-18, and 21-24 stand rejected under 35 U.S.C. 103 (a) as being unpatentable over United States Patent No. 6,349,288 (Barber).

2.   Claims 2, 7, 8, 14, 19 and 20 stand rejected under 35 U.S.C. 103 (a) as being unpatentable over Barber in view of United States Patent No. 5,757,917 (Rose).

ARGUMENTS

Rejection 1

Argument for Claims 1, 3-6, 9-13, 15-18, and 21-24.

As discussed above, the instant invention is directed to a refund system and method in which a refund or dispute account tracks the refund activity of an individual buyer. In particular, and as set forth in step E) of claim 1 and step D) of claim 13, the refund activity of the buyer that is being tracked is the costs associated with approved refunds given to the individual buyer. The refund account is different from the buyer's vault which contains a buyer's funds that can be used for purchases. When a refund is given to a particular buyer it is credited to their vault and also accounted for separately in the refund account. Thus, while the accounting for the refund in the vault ensures that the funds in the buyer's vault accurately reflects the current status of all refunds and purchases, the refund account provides a view of the total cost refund activity by a particular buyer over time. The provision of this refund account allows for the easy identification of potential refund abusers by simply reviewing the

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current status of the refund cost account associated with any particular buyer. It is submitted that Barber does not teach or suggest the claimed refund account in which refunds are tracked separate from the total refund and purchase activity that are accounted for in a buyer's vault as discussed in more detail below.

Barber is directed to a highly distributed networked server architecture that permits consumers to obtain a refund for previous purchases of pay per view content (col. 1 lines 9-12 and Figure 1). In Barber, when a consumer 20 wants a refund they link to a refund server 13 and, via interaction I$_5$, must provide an explanation as to why the refund is wanted. In interaction I$_6$ the refund server 13 provides the consumer's explanation to the vendor 22 from whom the content was purchased. The vendor 22 then grants or denies the refund and the server 13 tracks how often a particular consumer requests a refund and how often the vendor has granted refunds. (col. 4 lines 42-50).

In Barber, there is no refund account that tracks the refunded cost to a buyer as set forth in Independent claims 1, 12, 13, and 24. The tracking of the actual refunded costs for each particular buyer is important because it allows, for example, a threshold value to be set which, when exceeded, can be used as the basis for automatically rendering the buyer's vault inactive (see for example claims 2 and 14). Thus, the use of the claimed refund account permits for the implementation of a self regulating refund authorization process. It is to be noted that this concept is directly opposite to the teachings of Barber which requires the refund decision to be left in the hands of the vendor 22 based on the vendor's analysis of the refund explanation provided by the consumer 20.

The Examiner recognizes that Barber does not teach or suggest the buyer's refund account but takes *Official Notice* that such an account is known from standard accounting in the retail art and provides some accounting references to support the Official Notice position. Unfortunately, the references provided by the Examiner (Intermediate Accounting, Accounting Handbook, and College Accounting all simply discuss that returns and allowances are separately accounted for instead of being debited directly to the sales account. However, such accounting is not tracking the cost refund activity of a particular buyer but is an aggregate of all returns and allowances for an individual corporation.

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In view of the above it is submitted that 1) Barber does not teach or suggest the claimed use of the buyer's refund account, 2) the examiner has not provided proper support for his Official Notice position, 3) the combination of Barber with the accounting references cited, but not applied by the examiner, do not create the claimed invention, and 4) even assuming arguendo that the accounting references are applicable, there is no teaching or suggestion for their combination with Barber as set forth by the examiner. Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention absent some teaching, suggestion, or incentive supporting the combination. *ACS Hospital Systems. Inc. v. Montefiore Hospital, 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984)*

Rejection 2

Argument for claims 2 and 14

As discussed above, both claims 2 and 14 recite that there is a threshold value associated with the refund account. The threshold value is set so that when the total refund costs being tracked in the refund account exceed the threshold value, the buyer's vault is automatically rendered inactive by the payment computer. This provides for a simple and cost effective refund system that permits refunds up to a certain total amount, but prevents refunds beyond that amount. This allows legitimate buyers flexibility in obtaining refunds without going through a robust process while at the same time securing the system from potential refund abusers.

The examiner admits that Barber does not teach or suggest the claimed refund account threshold mechanism but states that Rose teaches this limitation in column 9 lines 2-22. However, such is not even close to being the case. What Rose discusses at column 9 lines 2-22 is that a message is sent to a buyer 20 requesting the buyer to verify whether a certain payment should be made. If no answer is received from the buyer, the message may be sent several more times. In the event that a threshold number of unanswered messages are sent to the buyer, the buyer's cardholder account 100 is suspended. Thus, Rose has nothing to do with tracking buyer refunds in a refund account and rendering a buyer's vault inactive when the total refund costs in the refund account exceed the threshold value. It is true that Rose teaches suspending an account if a threshold number of messages are not responded to by the buyer.

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However, to make the leap that one skilled in the art would first establish the claimed refund account and use the refund threshold as claimed based on the teachings of Rose is not reasonable. If anything, Rose might suggest that in the structure of the instant specification if the buyer computer did not respond to the payment computer for a predetermined number of messages, the buyer's vault should be rendered inactive. It is thus submitted that the combination of barber and Rose does not render claims 2 and 14 unpatentable.

It is also very clear that the examiner has not pointed to something in the prior art that suggests in some way the proposed modification of Barber in view of Rose to arrive at the claimed invention. Absent such a showing, the examiner has impermissibly used the Applicant's teaching to hunt through the prior art to allegedly create the Applicants' claimed invention. *In re Laskowski, 871 F.2d 115, 117, 10 USPQ2D 1397, 1398 (Fed. Cir. 1989)*

It should also be noted that Rose does not teach or suggest the claimed refund account. Rose is directed to a transaction system that controls the ordering and payment of goods between a buyer 20 and a seller 28 over a communication channel such as the Internet 12. The invention of Rose is directed to the payment system 10. Payment system 10, however, doesn't perform any accounting but is simply hardware and software that ensures that confirmation from the buyer 20 is received prior to the payment system 10 forwarding a seller 28 request for payment to a conventional credit card system 115, 117, and 30. Rose does not teach or suggest the claimed steps of crediting a vault at a payment computer with a refund request amount while at the same time accounting for the refund request amount in a separate refund account at the payment computer.

Argument for Claims 7 and 19

Claims 7 and 19 recite that in addition to tracking the refund costs in the refund account the payment computer also tracks the total number of refund requests made for each individual buyer. A number threshold is established so that if the total number of refund requests exceeds the number threshold, the ability to provide a refund is inhibited. This is yet another way to prevent potential abuse of the automatic refund system by focusing on the number of refund requests versus the total refund costs. The examiner uses the exact same portion of

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Rose, column 9 lines 2-22, as he did for claims 2 and 14, to state that the subject matter of claims 7 and 19 are rendered obvious. Once again, Rose only teaches suspending an account if a buyer does not respond to a predetermined number of messages. This has nothing to do rendering a refund capability inactive based on an excessive number of refund requests. It is thus submitted that the combination of Rose and Barber does not render claims 7 and 19 obvious. Further, it is submitted that there is no teaching or suggestion in either Rose or Barber for their combination as suggested by the examiner.

Argument for Claims 8 and 20

Claims 8 and 20 recite that if the refund cost threshold value is not exceeded in the refund account over a predetermined period of time, the refund account is reset to an initial value. This feature recognizes that if the refund account is left to account for all refunds for a long enough period of time, even an innocent user of the refund system could eventually reach the threshold value. Thus, by establishing a predetermined period of time threshold in conjunction with the refund threshold value a more reasonable balance is achieved thereby precluding legitimate users of the refund system from having their refund capability eliminated prematurely.

The examiner admits that Barber does not teach or suggest this limitation and relies on Rose's teaching that an account can be rendered inactive if a consumer doesn't respond to a predetermined number of message queries. It is submitted that combining Rose's teaching with the teachings of barber does not produce the invention of claims 8 and 20. Once again it is also submitted that there is no motivation for the combination of Barber and Rose.

SUMMARY

It is submitted for each of the reasons enumerated above that the examiner has failed to establish a prima facie case of obviousness for claims 1-24. Accordingly, the Appellants

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respectfully request that the Board reverse the Examiner with respect to the outstanding rejections set forth in the final Office Action.

Respectfully submitted,

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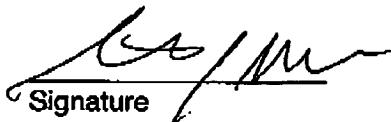Shelton, CT 06484-8000

CERTIFICATE OF

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on November 5, 2004   Steven J. Shapiro (35,677)
Date of Transmission   Name of Registered Rep.

Signature   November 5, 2004
                                       Date

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APPENDIX A - Claims

1. A method for facilitating electronic refunds in an online commercial transaction, the method comprising the steps of:

A) establishing communication over a network between a payment computer and a buyer computer, the payment computer having a vault with buyer funds therein and a refund account for a buyer that tracks the refund activity of the buyer;

B) receiving at the payment computer a plurality of requests from the buyer computer to purchase items, each of the plurality of requests being associated with a corresponding one of the items;

C) accepting the plurality of requests to purchase items and debiting the vault to account for costs related to all of the items;

D) receiving at the payment computer from the buyer computer a buyer selected request to refund the cost of at least one of the corresponding ones of the items; and

E) upon receipt of the request to refund, the payment computer accounting for the cost of the at least one of the corresponding ones of the items in the refund account and crediting the vault with the cost of the at least one of the corresponding ones of the items thereby effectuating a refund to the buyer.

2. A method as recited in claim 1, further comprising the steps of processing additional buyer selected requests to refund the costs of other ones of the

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corresponding ones of the items and accounting for the costs of the other ones of the corresponding ones of the items in the refund account; and

at times when a total cost of all requests to refund that are accounted for in the refund account exceed a threshold value, rendering the vault inactive.

3. A method as recited in claim 2, further comprising ensuring that the buyer is compensated for buyer funds remaining in the vault at the time the vault is rendered inactive.

4. A method as recited in claim 3, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.

5. A method as recited in claim 4, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step E) from occurring.

6. A method as recited in claim 5, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step E) from occurring.

7. A method as recited in claim 6, further comprising keeping at the payment computer a count of the number of additional requests to refund the costs of

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other ones of the corresponding ones of the items and inhibiting step E) from occurring if the number exceeds a threshold number.

8. A method as recited in claim 7, further comprising at times when all costs accounted for in the refund account do not exceed the threshold value over a predetermined period of time, resetting the refund account to an initial value.

9. A method as recited in claim 1, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.

10. A method as recited in claim 9, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step E) from occurring.

11. A method as recited in claim 10, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step E) from occurring.

12. A payment computer having a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 1.

13. A method for facilitating electronic refunds in an online commercial transaction, the method comprising the steps of:

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A) receiving at a payment computer a plurality of requests from the buyer computer to purchase items, each of the plurality of requests being associated with a corresponding one of the items, the payment computer including a vault having buyer funds therein and a refund account for a buyer that tracks the refund activity of the buyer;

B) accepting the plurality of requests to purchase items and debiting the vault to account for costs related to all of the items;

C) receiving at the payment computer from the buyer computer a buyer selected request to refund the cost of at least one of the corresponding ones of the items; and

D) upon receipt of the request to refund, the payment computer accounting for the cost of the at least one of the corresponding ones of the items in the refund account and crediting the vault with the cost of the at least one of the corresponding ones of the items thereby effectuating a refund to the buyer.

14. A method as recited in claim 13, further comprising the steps of processing additional buyer selected requests to refund the costs of other ones of the corresponding ones of the items and accounting for the costs of the other ones of the corresponding ones of the items in the refund account thereby maintaining in the refund account data indicative of a total cost associated with all requests to refund; and

at times when the total cost of all requests to refund that are accounted for in the refund account exceed a threshold value, rendering the vault inactive.

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15. A method as recited in claim 14, further comprising ensuring that the buyer is compensated for buyer funds remaining in the vault at the time the vault is rendered inactive.

16. A method as recited in claim 15, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.

17. A method as recited in claim 16, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step D) from occurring.

18. A method as recited in claim 17, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step D) from occurring.

19. A method as recited in claim 18, further comprising keeping at the payment computer a count of the number of additional requests to refund the costs of other ones of the corresponding ones of the items and inhibiting step D) from occurring if the number exceeds a threshold number.

20. A method as recited in claim 19, further comprising at times when all costs accounted for in the refund account do not exceed the threshold value over a predetermined period of time, resetting the refund account to an initial value.

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21.   A method as recited in claim 13, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.

22.   A method as recited in claim 21, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step D) from occurring.

23.   A method as recited in claim 22, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step D) from occurring.

24.   A payment computer having a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 13.